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8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9 IN THE MATTER OF THE APPLICATION
10 OF TRUXTON CANYON WATER
11 COMPANY, INC. FOR APPROVAL OF A
12 RATE INCREASE.

DOCKET NO. W-02168A-11-0363

13 IN THE MATTER OF THE APPLICATION
14 OF TRUXTON CANYON WATER
15 COMPANY, INC. FOR APPROVAL OF A
16 REVISION OF THE COMPANY'S
17 EXISTING TERMS AND CONDITIONS OF
18 WATER SERVICE.

DOCKET NO. W-02168A-13-0309

19 IN THE MATTER OF THE APPLICATION
20 OF TRUXTON CANYON WATER
21 COMPANY, INC. FOR AUTHORITY TO
22 INCUR LONG-TERM DEBT.

DOCKET NO. W-02168A-13-0332

Arizona Corporation Commission
DOCKETED

MAY 12 2014

DOCKETED BY

23 **VALLE VISTA PROPERTY OWNERS ASSOCIATION, INC.**

24 **REPLY BRIEF**

25 **May 12, 2014**

1 Valle Vista Property Owners Association, Inc. ("VVPOA") submits the following
2 reply brief in this consolidated docket.

3 **I. VVPOA'S RESPONSES TO TRUXTON'S POST HEARING BRIEF.**

4 In its post hearing brief, Truxton spends a mere five pages addressing issues
5 relating to the pending rate case and financing requests. With respect to the rate case and
6 financing approvals, Truxton addresses just three issues in its post hearing brief.

7 First, Truxton argues that a revenue requirement of \$855,924 is "reasonable" for a
8 utility with 924 customers and that Staff's recommendation to reduce Truxton's rates will
9 "exasperate" the Company's financial situation and "jeopardize public health and
10 safety."¹ Second, Truxton argues that Commission Staff and VVPOA are proposing that
11 "the Trust should give away control of its assets valued at over \$11 million for free."² In
12 turn, Truxton argues that "using replacement value methodology, the market value
13 established for these facilities is \$11,532,385" and that the "Trust is willing to transfer
14 these facilities to the Company for less than 1/10 of the value -- \$1.4 million."³ Third,
15 Truxton contends that the Commission should approve Truxton's financing application to
16 install an Arsenic Treatment Facility (ATF), upgrade the Hualapai 1 Well and replace one
17 mile of the Hackberry transmission line.⁴ VVPOA addresses these issues below.

18 **A. The Evidentiary Record Does Not Support Truxton's Claims on the**
19 **Revenue Requirement and Transfer of Trust Assets.**

20 With respect to the revenue requirement and transfer of Trust assets, Truxton
21 provides few citations to the evidentiary record in this case, instead relying largely on
22 unsupported argument and speculation. As Aldous Huxley once wrote, "facts do not
23 cease to be exist because they are ignored." Here, Truxton largely ignores the evidence

24 ¹ Truxton Post Hearing Br. at 2-4.

25 ² *Id.* at 2.

26 ³ *Id.* at 4-5.

⁴ *Id.* at 7.

1 and testimony presented by Staff and VVPOA relating to Truxton's cost of providing
2 service to customers (including VVPOA) and the value of the Trust assets to be
3 transferred to Truxton. Truxton also ignores the controlling NARUC standards and
4 guidelines relating to valuation of and accounting for the Trust assets. As set forth in
5 VVPOA's closing brief, there is substantial evidence in the underlying record supporting
6 Commission Staff's (1) recommended rates for irrigation water service to VVPOA and
7 (2) recommended net book valuation for the Trust assets. The evidence also supports
8 Commission Staff's recommended revenue requirement.

9 Boiled down, Truxton did not present any evidence relating to depreciation of the
10 Trust assets, which necessarily means that Truxton did not offer any evidence countering
11 Ms. Brown's testimony that those Trust assets have been fully depreciated. Truxton's
12 witnesses at hearing (Mr. Neal, Mr. Rowell and Ms. Rowell) also did not address the
13 NARUC accounting standards for purchased assets or the NARUC Guidelines addressing
14 purchase of assets between affiliates, even though both Ms. Rowell and Mr. Rowell
15 acknowledged that those NARUC accounting standards and affiliate guidelines are
16 applicable to Truxton.⁵ Likewise, Truxton's witnesses did not provide any testimony
17 relating to either Truxton's or the Trust's cost of providing service to VVPOA, which
18 again necessarily means that Truxton did not offer any evidence countering Ms. Brown's
19 testimony relating to recommended rates for VVPOA.⁶

20 **B. The Commission Should Adopt Commission Staff's Recommended**
21 **Rates for VVPOA.**

22 VVPOA's primary concern is the approved irrigation rates for non-potable water
23 service provided by Truxton. Truxton doesn't address that issue in its opening brief, let
24 alone refute the testimony of Ms. Brown or Mr. Stewart on these issues. At hearing,

25 ⁵ Tr. I at 50:1-14 (S. Rowell); Tr. I at 165:4-20 (M. Rowell).

26 ⁶ Tr. I at 154:20-155:7 (M. Rowell); Tr. II at 278:13-279:7 (Neal).

1 Commission Staff recommended an irrigation rate for VVPOA of \$1.20 per 1,000
2 gallons.⁷ Ms. Brown's rates are based on Truxton's operating expenses and costs of
3 providing service to VVPOA.⁸ By contrast, Truxton did not provide any cost of service
4 testimony or other justification at hearing supporting increased tariff rates for VVPOA.

5 That stands to reason because Truxton's witnesses do not even know what it costs
6 Truxton or the Trust to provide water to customers or VVPOA on a per 1,000 gallon
7 basis.⁹ The Truxton water system is a gravity feed system from the Hackberry well field
8 and the evidence demonstrates that Truxton and the Trust do not incur significant costs of
9 providing water to customers.¹⁰ Ms. Brown's recommendation was based upon her
10 "regulatory audit of the company's rate case application, operating expenses, invoices,
11 [and] costs..."¹¹ Ms. Brown testified that the \$1.20/1,000 gallons rate is fair and
12 reasonable for VVPOA.¹² Further, Ms. Brown emphasized that Truxton has never
13 provided any numbers on the actual cost of sending water from the Hackberry well field
14 to VVPOA or any of Truxton's customers.¹³ Staff concluded that its recommendations
15 are appropriate and Truxton "is making enough to pays its bills and probably more" based
16 on the information provided by Truxton.¹⁴ On the other hand, Truxton did not provide
17 "any operational data on what it takes to provide water to [VVPOA], nor to the Trust."¹⁵
18 Put simply, Truxton did not provide information "that would show the cost to run
19 Truxton"¹⁶ Truxton didn't provide any contrary testimony at hearing.

20 ⁷ Ex. S-5, Brown RT, Schedule CSB-22 at 2; Tr. III at 545:15-19 (Brown).

21 ⁸ Tr. III at 545:20-24 (Brown).

22 ⁹ Tr. I at 154:20-155:7 (M. Rowell); Tr. II at 278:13-279:7 (Neal).

23 ¹⁰ Tr. II at 245:2-12 (Neal); Ex. S-14, 2/5/2012 letter from R. Neal to V. Burns at 2.

24 ¹¹ Tr. III at 545:20-24 (Brown).

25 ¹² *Id.* Tr. III at 545:25-546:3 (Brown).

26 ¹³ Tr. III at 545:4-9 (Brown).

¹⁴ Tr. III at 569:6-8 (Brown).

¹⁵ *Id.* at 569:1-5 (Brown).

¹⁶ Tr. III at 569:23-570:5 (Brown).

1 Likewise, Truxton completely ignores the September 1, 2010 Water Supply
2 Agreement between Truxton and the Trust. Paragraph 8 of that 2010 Agreement
3 establishes Truxton's cost of purchasing water at \$1.01 per 1,000 gallons delivered,
4 including a return on the value of the Trust assets necessary to provide service.¹⁷ Truxton
5 simply can't overcome the substantial evidence on these issues as illustrated by Truxton's
6 failure to address that evidence in its post hearing brief. On this record, the Commission
7 should accept Staff's proposed rate for VVPOA of \$1.20/1,000 gallons.

8 **C. The Commission Should Reject Truxton's Valuation of Trust Assets.**

9 On page 4 of its brief, Truxton argues that "[u]sing replacement value
10 methodology, the market value established for [the Trust Assets] is \$11,532,385." As set
11 forth in Mr. Rowell's testimony, that valuation is based on replacement cost new of the
12 Trust assets without accounting for depreciation, wear and tear or owner use of those
13 assets. As set forth in the NARUC accounting standards and affiliate guidelines, the
14 proper valuation standard for Truxton, as a regulated utility, relating to acquisition of the
15 Trust assets from Truxton's owner requires consideration of depreciation, *i.e., net book*
16 *value*.¹⁸ Both Mr. Rowell and Mr. Rowell agreed that those NARUC standards and
17 guidelines are applicable to Truxton and require Truxton to account for depreciation
18 relating to acquisition of the Trust assets.¹⁹

19 In its brief, Truxton doesn't address the NARUC standards or guidelines, other
20 than saying that United States Supreme Court cases trump the NARUC Guidelines.²⁰
21 Unfortunately, Truxton misses the point entirely. Here, Truxton is seeking Commission
22

23 ¹⁷ Ex. S-6, Water Supply Agreement for Truxton Canyon Water Company dated 9/1/2010
24 at 3, ¶ 8; *see also* Ex. I-1, 1991 Water Supply Agreement at 3, ¶8.

25 ¹⁸ Ex. I-3, NARUC Uniform System of Accounts for Class C Utilities at 24-26; Ex. S-8,
26 NARUC Guidelines for Cost Allocations and Affiliate Transactions at 4, § D(3).

¹⁹ Tr. I at 58:8-15 (S. Rowell); Tr. I at 165:4-20, at 176:19-21 (M. Rowell).

²⁰ Truxton Post Hearing Br. at 5.

1 approval of a rate increase and financing approval. As such, the fundamental question
2 presented here is how the Trust assets should be booked for regulatory purposes. It is
3 undisputed that Truxton must comply with NARUC standards and guidelines on that
4 issue based on the evidence and testimony in this case.

5 In its brief, Truxton attempts to turn this case into a discussion of fair market value
6 for condemnation purposes. Again, however, Truxton fails to cite any cases supporting
7 use of the replacement cost new methodology (without depreciation) for valuation of used
8 assets in a condemnation or any other setting. In Arizona, “[t]here are three different
9 appraisal methodologies commonly used by appraisers: the sales comparison approach,
10 the cost approach and the income approach.”²¹ As stated by the Arizona Supreme Court,
11 “in some instances it is impossible to determine what a willing buyer would pay and what
12 a willing seller would accept simply because there are no sales of comparable property.
13 In that event, resort must be had to other means of fixing market value.”²² In the absence
14 of comparable sales, “evidence of reproduction cost less depreciation is more widely
15 employed as the test of value for condemnation, although by no means conclusive.”²³

16 Here, Truxton did not provide any comparable sales and relies on the cost
17 approach. The cost approach “is also known as replacement cost new less depreciation;
18 this nomenclature appears to be preferred by authoritative treatises.”²⁴ The replacement

20 ²¹ *State Ex. Rel. Miller v. Wells Fargo Bank, N.A.*, 194 Ariz. 126, 130, 978 P.2d 103, 107
(App. 1998).

21 ²² *City of Phoenix v. Consol. Water Co.*, 101 Ariz. 43, 45, 415 P.2d 866, 868 (1966).

22 ²³ *Id.* at 47, 415 P.2d at 870 (accepting valuation method based on reproduction cost new
depreciated)(citations omitted).

23 ²⁴ *Town of Gilbert v. Freeman*, 2010 WL 5018514 at *3 (App. 2010), *citing* Appraisal
24 Institute, *The Appraisal of Real Estate* 385 (13th Ed. 2008; J. Sackman, *Nichols on*
25 *Eminent Domain*, Ch. 12C, § 12C.01(3)(b) (3rd Ed. 2009). *Town of Gilbert* is an
26 unpublished westlaw citation subject to Ariz. R. Supreme Court 111(c). This
administrative proceeding, however, is not a judicial court and VVPOA cites the *Town of*
Gilbert decision to assist the Administrative Law Judge’s consideration of these issues.

1 cost new less depreciation is “appropriately used when there are no sales of comparable
2 property.”²⁵ The replacement cost new less depreciation approach “requires the appraiser
3 to first determine the current cost of replacing the structure using contemporary materials
4 and standards. The appraiser next estimates the degree or dollar amount of depreciation
5 for the existing structure by taking into account physical deterioration and, as appropriate,
6 functional and external obsolescence. The appraiser then deducts the estimated
7 depreciation from the current cost of replacing the structure.”²⁶ Put simply, Truxton
8 proposes a valuation method based on replacement cost without accounting for
9 depreciation that does not comply with NARUC standards or case law in Arizona.

10 At bottom, Truxton argues that the Trust assets have a fair market value of \$11.5
11 million even through those assets are 50-70 years old and in need of repair and
12 replacement. The idea that any buyer would pay \$11.5 million for the Trust assets based
13 on full replacement value is not credible. In that scenario, that hypothetical buyer would
14 own assets in an aged and deteriorated condition purchased at full replacement value that
15 would, in fact, require such buyer to provide additional funding to repair and/or replace
16 those assets in the near future, in effect requiring the buyer to pay the replacement value
17 twice. A perfect illustration of Truxton’s flawed rationale is Truxton’s request for
18 approval of financing to replace one mile of the Hackberry transmission line.²⁷ In other
19 words, Truxton seeks financing approval to pay the Trust the replacement value new for
20 that one mile of transmission line (through customer rates) and Truxton also seeks
21 financing approval to replace that very same section of line, in essence forcing customers
22 to incur charges for payment of the replacement value new of that line twice.

23 _____
24 ²⁵ *Town of Gilbert*, 2010 WL 5018514 at *3, citing *City of Phoenix*, 101 Ariz. at 45-46,
415 P.2d at 868-869.

25 ²⁶ *Town of Gilbert*, 2010 WL 5018414 at *4, citing Appraisal Institute, *The Appraisal of*
Real Estate, Ch. 17, at 377-393 (13th Ed. 2008).

26 ²⁷ Tr. II at 284:20-23 (Neal).

1 Truxton's valuation also does not accurately reflect the owner value of the Trust
2 assets or the benefits to the Trust from use of those assets. "In those appraisals where it is
3 necessary or desirable to place a value on the used component items of a whole property
4 and where the replacement cost, used, method cannot be applied because of the absence
5 of applicable used property sales of comparable, component items, a substitute method is
6 utilized. This method is based on the postulate that a subject used item would be worth to
7 the owner its replacement cost, if it were new. Because the item is not new, some portion
8 of the benefits of ownership have expired and the method assumes that the owner value of
9 these expired benefits can be estimated. Subtracting the estimated owner-value of the
10 expired benefits from the replacement-cost, new, leaves a remainder which is taken as the
11 owner value of the used item. This is called the replacement cost, new, depreciated. The
12 owner value of the expired benefits is the accrued depreciation."²⁸

13 As a matter of law, the Commission should apply the replacement cost new minus
14 depreciation valuation standard in this case or the "net book value" standards set forth in
15 the NARUC Guidelines. On that issue, Staff's finding that the Trust assets are fully
16 depreciated with a net book value of zero is undisputed—Truxton did not offer any
17 contrary testimony relating to depreciation of the Trust assets. Ms. Brown's testimony is
18 undisputed that all of the Trust assets have reached the end of their depreciable life and
19 have a net book value of zero for purposes of the proposed transfer to Truxton.

20 **D. Truxton's Attempt to Create Affiliate Profit Should be Rejected.**

21 Aside from the proper valuation method, the Commission also should reject
22 Truxton's scheme to provide \$1.4 million in profit for its owner given the undisputed
23 facts in this case. Specifically, the Neal Family formed Truxton in 1972 as a regulated
24 utility, but decided to retain title of the assets necessary to provide service in the Trust in
25

26 ²⁸ *Appraisal Principles and Procedures*, H. Babcock (1968) at 147-158, § 753

1 order to avoid Commission regulation and allow the Trust to sell water to VVPOA within
2 Truxton's CC&N. In turn, the Trust received substantial revenue from selling water to
3 Truxton and selling irrigation water to VVPOA, including a return on the Trust assets.
4 Truxton now proposes that customers finance a \$1.4 million payment to the Trust for
5 those very same assets used by the Trust to generate revenue for 40 years. Even after
6 such sale, the Trust will still own those assets as the sole shareholder of Truxton.

7 Even worse, the Trust and Truxton did not invest in ongoing upgrades or
8 improvements to the system over the years, yet another fact not mentioned in Truxton's
9 post hearing brief. Not only did the Trust not invest in improvements and upgrades to the
10 infrastructure, but the Trust used that system to provide irrigation water to VVPOA for
11 many years, in turn siphoning off a substantial amount of revenue from VVPOA since the
12 1970s.²⁹ Aside from the NARUC standards, the Trust should not receive \$1.4 million
13 financed by customers for selling assets to itself under these circumstances.

14 In its brief, Truxton once again suggests that the Trust is being forced to sell the
15 Trust assets by the Commission. Truxton, however, forgets that it signed the Stipulation
16 Agreement to resolve the OSC complaint and agreed to acquire the Trust assets with
17 approval of the Trust (B. Marc Neal).³⁰ When Truxton entered that Stipulation
18 Agreement, it did so with the authority and approval of B. Marc Neal as the President of
19 Truxton and sole trustee of the Trust. Under Decision No. 72386, Truxton is under
20 Commission order to acquire the Trust assets from its sole shareholder the Trust. As of
21 today, Truxton and the Trust have not complied with Decision No. 72386. The
22 Commission should reject Truxton's attempt to turn that legal obligation to acquire the
23 Trust assets into a \$1.4 million profit for the Trust.

24

25

²⁹ Ex. I-5, Stewart RT at 6.

26

³⁰ Tr. II at 288:4-25 (Neal); ACC Decision No. 72386, Ex. C Stipulation Agreement.

1 E. The Commission Should Approve Truxton's Request for Financing
2 Approval to Upgrade the Hualapai Well.

3 At hearing, Mr. Neal proposed that the Commission approve \$127,000 in financing
4 to convert the Hualapai 1 Well from natural gas to electric service.³¹ VVPOA supports
5 Truxton's request for financing approval to upgrade the Hualapai 1 Well from natural gas
6 to electric service. The evidence shows that such upgrade will make the Hualapai 1 Well
7 more reliable and less costly to operate. VVPOA believes it is imperative to upgrade the
8 Hualapai 1 Well as quickly as possible to avoid any service outages during the high
9 demand summer months, resulting in substantial harm and damages to VVPOA and its
10 residential members. For that reason, the Commission should authorize Truxton to obtain
11 the necessary financing to upgrade the Hualapai 1 Well as soon as possible.

12 It its brief, Commission Staff opposes financing approval to extend electric power
13 to the Hualapai 1 Well because Truxton has provided "an incomplete plan to accomplish
14 the desired well conversion."³² In turn, "Staff recommends against the requested
15 financing approval related [to] the Hualapai 1 Well conversion, until the Company comes
16 forward with a more complete plan to implement the electric conversion."³³

17 Given the importance of maintaining the operational status of the Hualapai 1 Well,
18 VVPOA believes the public interest would be better served by Commission approval of
19 the requested financing to upgrade the Hualapai 1 Well in this docket, subject to a
20 compliance filing by Truxton with a more detailed plan to convert the Hualapai 1 Well to
21 electric service. Given the immediate need to upgrade that well and the time spent in this
22 case and at hearing relating to the Hualapai 1 Well upgrades, it would not serve the best
23 interests of Truxton, VVPOA or residential property owners to reject that financing here,
24 in turn forcing Truxton to file another financing application in the future. Approving that

25 ³¹ Tr. II at 257:9-13, 284:16-20 (Neal).

26 ³² Staff's Initial Closing Br. at 25.

³³ *Id.*

1 financing request here with a condition that Truxton file an updated and detailed plan for
2 electric conversion of the Hualapai 1 Well (subject to review by Commission Staff)
3 would ensure the operational status of the Hualapai 1 Well and alleviate Staff's concerns.

4 **II. VVPOA'S RESPONSES TO COMMISSION STAFF'S INITIAL BRIEF.**

5 **A. Allocating Costs of Arsenic Treatment.**

6 Generally, VVPOA supports the recommendations by Commission Staff in its
7 initial brief relating to Truxton's revenue requirement, rates and transfer of the Trust
8 assets. In this reply brief, VVPOA's responses to Staff are limited to Staff's proposed
9 allocation of costs relating to the Arsenic Treatment Facility (ATF).³⁴

10 In its brief, Commission Staff concludes that "it is reasonable that VVPOA should
11 bear its portion of arsenic treatment that was involved in producing water to serve its
12 needs."³⁵ According to Staff, "serving VVPOA's needs necessarily involves incurring
13 arsenic treatment related costs due to the configuration of Truxton's system and the dual
14 irrigation and drinking water source duties served by the Company's wells."³⁶ Further,
15 Staff's notes that "if Staff's commodity rate for VVPOA is adopted, VVPOA will likely
16 be due a refund as was acknowledged by Mr. Stewart. A refund would serve to moderate
17 the impact of having to shoulder arsenic treatment costs as well."³⁷

18 As noted in its opening brief, VVPOA supports Truxton's attempts to build an
19 ATF and believes such system is in the public interest of Truxton's customers. Even so,
20 arsenic treatment is not necessary for the non-potable water service provided to
21 VVPOA.³⁸ The arsenic levels do not directly affect irrigation of the golf course, park and
22

23 ³⁴ VVPOA does not take any position relating to Commission Staff's recommendation
24 regarding appointment of interim operator.

25 ³⁵ Staff's Initial Closing Br. at 27.

26 ³⁶ *Id.*

³⁷ *Id.* at 28.

³⁸ Ex. I-4, Stewart DT at 15-16; Ex. I-5, Stewart RT at 4.

1 pool. VVPOA acknowledges that its potable water rates may include charges for the
2 ATF, but VVPOA's irrigation rates should not include any such charges.

3 To the extent the Commission is inclined to adopt Staff's recommendation to
4 allocate costs of arsenic treatment to VVPOA, VVPOA believes it can afford such
5 allocation, but only if the Commission likewise approves Commission Staff's proposed
6 commodity rate for VVPOA of \$1.20/1,000 gallons. As stated at hearing, VVPOA does
7 not believe it can afford to pay Truxton's proposed commodity rates of \$1.70 or \$1.90 per
8 1,000 gallons, along with arsenic surcharges relating to the ATF.³⁹

9 **B. The Commission Should Require Truxton and Its Owner to Provide a**
10 **Definitive Statement on Transfer of the Trust Assets to Truxton.**

11 On page 39 of its brief, Commission Staff "recommends that the Company provide
12 a definitive statement as to whether the relevant assets will be transferred to Truxton, as
13 provided in Decision No. 72386."⁴⁰ Commission Staff further stated that "[i]n the
14 absence of such clarification, Staff believes that an order to show cause may be
15 appropriate to clarify the Trust's status as a public service corporation."⁴¹

16 VVPOA likewise agrees that the Commission should require Truxton and the
17 Trust to provide a definitive statement as to whether the Trust assets will be conveyed to
18 Truxton as required by Decision No. 72386. Truxton's and the Trust's answer to that
19 question implicates various other legal issues presented in this case, including the Trust's
20 status as a public service corporation, the Trust's status as an alter ego of Truxton and the
21 potential imposition of a constructive trust relating to the Trust assets.

22 VVPOA does not address whether the Trust is acting as a public service
23 corporation in this response brief for the reasons stated in VVPOA's initial brief. Even
24 so, VVPOA believes it is necessary to respond to one argument asserted by Truxton on

25 ³⁹ Tr. II at 391: 5-392:1 (Stewart).

26 ⁴⁰ Staff's Initial Closing Br. at 39.

⁴¹ *Id.*

1 page 10 of its post-hearing brief. Truxton argues there that “the Trust’s property is not
2 dedicated to a public use” and that “[w]hile it is true that the Trust did provide water to
3 the water companies, it never dedicated its wells or other infrastructure to public use.”⁴²

4 That statement is contrary to the evidence presented at hearing that ownership of
5 the assets necessary to provide water service was originally retained with the Trust in
6 order to avoid Commission regulation.⁴³ Further, Mr. Neal testified at hearing that that
7 the only use of the Hackberry transmission line is for service to Truxton’s customers.⁴⁴
8 And, of course, in a letter docketed April 16, 2014 on behalf of Truxton and the Trust, B.
9 Marc Neal stated that “Truxton Canyon Water Company and The Claude K. Neal Family
10 Trust represent and agree that the Hualapai 1 Well is plant that is necessary for the
11 provision of water service by Truxton. The Trust and Truxton agree that they will not
12 sell, transfer or otherwise encumber the Hualapai 1 Well without approval of the Arizona
13 Corporation Commission.”⁴⁵ Obviously, if the Hualapai 1 Well was not dedicated to
14 public use, then it would not be necessary for the provision of water service by Truxton
15 and it would not require Commission approval for the sale or transfer of that well. That
16 letter from B. Marc Neal demonstrates that the Trust assets are, indeed, dedicated to
17 public use and are necessary assets for Truxton to provide water service to customers.

18 III. CONCLUSION

19 For the reasons noted above, and based on the evidence presented at hearing,
20 VVPOA requests that the Commission adopt VVPOA’s recommendations above and in
21 VVPOA’s initial closing brief.

22
23
24 ⁴² Truxton Post Hearing Br. at 10.

25 ⁴³ Tr. II at 269:15-270:18 (Neal).

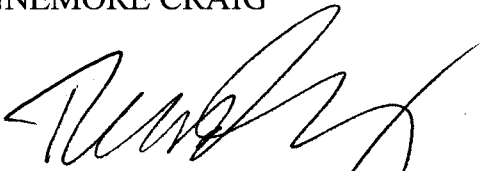
26 ⁴⁴ Tr. II at 291:11-292:6 (Neal).

⁴⁵ April 16, 2014 letter from B. Marc Neal.

1 Dated: May 12, 2014

2 FENNEMORE CRAIG

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18 was hand-delivered this
19 12th day of May, 2014, to:

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